

2005 CAPITAL PROJECTS OVER \$50,000
 EXPLANATIONS

Project Title: Replace Vehicles - 2005
Location: System Wide
Division: Transmission & Rural Operations
Classification: Administrative

Project Description:

This project involves replacing thirty light vehicles (cars, pick-ups and vans) and one medium/heavy vehicle (line trucks and boom trucks).

| Project Cost: | (\$ x1,000) | <u>2005</u> | <u>2006</u> | <u>Beyond</u> | <u>Total</u> |
|-------------------------------------|-------------|---------------------|-------------------|-------------------|---------------------|
| Material Supply | | 771.0 | 0.0 | 0.0 | 771.0 |
| Labour | | 0.0 | 0.0 | 0.0 | 0.0 |
| Engineering | | 10.0 | 0.0 | 0.0 | 10.0 |
| Project Management | | 0.0 | 0.0 | 0.0 | 0.0 |
| Inspection & Commissioning | | 0.0 | 0.0 | 0.0 | 0.0 |
| Corp O/H, AFUDC, Esc. & Contingency | | 96.6 | 0.0 | 0.0 | 96.6 |
| Total | | <u>877.6</u> | <u>0.0</u> | <u>0.0</u> | <u>877.6</u> |

Operating Experience:

It has been Hydro's experience that vehicles experience increased downtime and decreased reliability as they reach the replacement criteria outlined below.

| REPLACEMENT CRITERIA | | | |
|----------------------|-----------------------|----------------------|---|
| VEHICLES | | | |
| Category | Description | REPLACEMENT CRITERIA | |
| | | Age | Other |
| 1000 | Cars/Mini-vans | 5-7 yrs. | >150,000 kms, maintenance cost, condition |
| 2000 | Pick-ups/Service Vans | 5-7 yrs. | >150,000 kms, maintenance cost, condition |
| 3000 | Light Trucks | 6-8 yrs. | >180,000 kms, maintenance cost, condition |
| 4000 | Medium/Heavy Trucks | 7-9 yrs. | >200,000 kms, maintenance cost, condition |

Category 1000 and 2000 vehicles being replaced will generally have an average age of seven years and 165,000 km and the category 4000 item will have an average age of ten years and 200,000 km.

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Project Title: Replace Vehicles - Hydro System - 2005 (cont'd.)

Project Justification:

New vehicle replacements are required in order to ensure maximum reliability with minimum equipment downtime. Having work crews equipped with reliable and technologically current work vehicles, ensures their safety while at the same time enhancing efficient delivery of services. Operating vehicles beyond their economical life cycle will result in delays for work crews and have a negative impact on customer service.

Vehicles are screened against the replacement criteria before being identified for replacement. When a unit has met the age or kilometer criteria, the unit is further evaluated for its condition and maintenance history.

The budget allocations for each class of vehicle is shown below.

| Vehicle Class | Budget Amount |
|------------------------------|----------------------|
| 1000 (Cars/Mini-vans) | \$ 275,000 |
| 2000 (Pick-up/ Service Vans) | 465,500 |
| 3000 (Light Trucks) | 0 |
| 4000 (Medium/Heavy Trucks) | 60,000 |
| Contingency | 77,100 |
| Total | 877,600 |

New vehicles are acquired through competitive tendering with a lease/purchase analysis used to determine the least cost alternative.

Future Plans:

None.